



QUARTERLY STATEMENT

AS OF MARCH 31, 2010
OF THE CONDITION AND AFFAIRS OF THE

CareSource Michigan

NAIC Group Code	0000	0000	NAIC Company Code	95562	Employer's ID Number	38-3252216
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []	Hospital, Medical & Dental Service or Indemnity []		
	Dental Service Corporation []		Vision Service Corporation []	Health Maintenance Organization [X]		
	Other []			Is HMO, Federally Qualified? Yes [] No [X]		
Incorporated/Organized	05/24/1995		Commenced Business	08/01/1996		
Statutory Home Office	2900 West Road, Suite 201		East Lansing, MI 48823-6386			
	(Street and Number)		(City or Town, State and Zip Code)			
Main Administrative Office	2900 West Road, Suite 201		East Lansing, MI 48823-6386		517-349-9922	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	2900 West Road, Suite 201		East Lansing, MI 48864-6386			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	2900 West Road, Suite 201		East Lansing, MI 48823-6386		937-531-2159	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.caresource.com					
Statutory Statement Contact	L Tarlton Thomas III		937-531-2159			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	tarlton.thomas@caresource.com		937-531-2676			
	(E-mail Address)		(FAX Number)			

OFFICERS

Name	Title	Name	Title
Sharon R. Williams	Plan President	Craig Thiele M.D.	Chief Medical Officer
Bobby Jones	Chief Operating Officer	L. Tarlton Thomas III #	Cheif Financial Officer

OTHER OFFICERS

R. Daniel Sadlier	Vice Chairman		
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DIRECTORS OR TRUSTEES

Pamela B. Morris	Margaret Marchak	Evonne Williams	Karen Hamilton
John M. Rockwood			

State of _____
County of _____
SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Sharon R. Williams Plan President	Bobby Jones Chief Operating Officer	L. Tarlton Thomas III Chief Financial Officer
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a. Is this an original filing? Yes [X] No []

b. If no:

1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

Subscribed and sworn to before me this _____ day of _____,

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	17,394,750		17,394,750	18,586,655
2. Stocks:				
2.1 Preferred stocks .....			.0	.0
2.2 Common stocks .....			.0	.0
3. Mortgage loans on real estate:				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances) .....			.0	.0
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ encumbrances) .....			.0	.0
5. Cash (\$ 19,058,855), cash equivalents (\$ 0) and short-term investments (\$ 2,767,682)	21,826,537		21,826,537	23,060,967
6. Contract loans (including \$ premium notes) .....			.0	.0
7. Derivatives .....			.0	.0
8. Other invested assets .....	.0		.0	.0
9. Receivables for securities .....			.0	.0
10. Aggregate write-ins for invested assets .....	.0	.0	.0	.0
11. Subtotals, cash and invested assets (Lines 1 to 10)	39,221,287	.0	39,221,287	41,647,622
12. Title plants less \$ charged off (for Title insurers only) .....			.0	.0
13. Investment income due and accrued	191,574		191,574	202,875
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	594,285		594,285	923,094
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums) .....			.0	.0
14.3 Accrued retrospective premiums .....			.0	.0
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	11,962		11,962	245,625
15.2 Funds held by or deposited with reinsured companies .....			.0	.0
15.3 Other amounts receivable under reinsurance contracts .....			.0	.0
16. Amounts receivable relating to uninsured plans .....			.0	.0
17.1 Current federal and foreign income tax recoverable and interest thereon .....			.0	.0
17.2 Net deferred tax asset .....			.0	.0
18. Guaranty funds receivable or on deposit .....			.0	.0
19. Electronic data processing equipment and software .....			.0	.0
20. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			.0	.0
21. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
22. Receivables from parent, subsidiaries and affiliates .....			.0	.0
23. Health care (\$ 1,518,398) and other amounts receivable	1,552,148	33,750	1,518,398	1,481,010
24. Aggregate write-ins for other than invested assets .....	.0	.0	.0	.0
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	41,571,256	33,750	41,537,506	44,500,226
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			.0	.0
27. Total (Lines 25 and 26)	41,571,256	33,750	41,537,506	44,500,226
DETAILS OF WRITE-INS				
1001. ....			.0	.0
1002. ....			.0	.0
1003. ....			.0	.0
1098. Summary of remaining write-ins for Line 10 from overflow page .....	.0	.0	.0	.0
1099. Totals (Lines 1001 through 1003 plus 1098) (Line 10 above) .....	.0	.0	.0	.0
2401. ....			.0	.0
2402. ....			.0	.0
2403. ....			.0	.0
2498. Summary of remaining write-ins for Line 24 from overflow page .....	.0	.0	.0	.0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	.0	.0	.0	.0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$32,244 reinsurance ceded).....	15,250,864		15,250,864	13,788,759
2. Accrued medical incentive pool and bonus amounts	129,132		129,132	152,965
3. Unpaid claims adjustment expenses	240,228		240,228	222,833
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	630,869		630,869	0
9. General expenses due or accrued	362,003		362,003	386,637
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	605,513		605,513	8,339,861
16. Derivatives.....			0	
17. Payable for securities			0	0
18. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
19. Reinsurance in unauthorized companies			0	0
20. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
21. Liability for amounts held under uninsured plans			0	0
22. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
23. Total liabilities (Lines 1 to 22).....	17,218,609	0	17,218,609	22,891,055
24. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
25. Common capital stock	XXX	XXX		0
26. Preferred capital stock	XXX	XXX		0
27. Gross paid in and contributed surplus	XXX	XXX	7,831,735	7,831,735
28. Surplus notes	XXX	XXX		0
29. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
30. Unassigned funds (surplus)	XXX	XXX	16,487,162	13,777,436
31. Less treasury stock, at cost:				
31.1 shares common (value included in Line 25 \$)	XXX	XXX		0
31.2 shares preferred (value included in Line 26 \$)	XXX	XXX		0
32. Total capital and surplus (Lines 24 to 30 minus Line 31)	XXX	XXX	24,318,897	21,609,171
33. Total liabilities, capital and surplus (Lines 23 and 32)	XXX	XXX	41,537,506	44,500,226
DETAILS OF WRITE-INS				
2201.			0	0
2202.			0	0
2203.			0	0
2298. Summary of remaining write-ins for Line 22 from overflow page	0	0	0	0
2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)	0	0	0	0
2401.	XXX	XXX		0
2402.	XXX	XXX		0
2403.	XXX	XXX		0
2498. Summary of remaining write-ins for Line 24 from overflow page	XXX	XXX	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	XXX	XXX	0	0
2901.	XXX	XXX		0
2902.	XXX	XXX		0
2903.	XXX	XXX		0
2998. Summary of remaining write-ins for Line 29 from overflow page	XXX	XXX	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX	121,440	149,709	566,817
2. Net premium income (including \$ non-health premium income)	XXX	35,034,363	40,990,799	162,267,680
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of \$ medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	(2,234,147)	(2,241,454)
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	35,034,363	38,756,652	160,026,226
Hospital and Medical:				
9. Hospital/medical benefits		20,787,974	22,703,999	88,958,961
10. Other professional services		1,872,387	2,450,520	8,606,076
11. Outside referrals			0	0
12. Emergency room and out-of-area		1,506,674	1,709,713	7,210,383
13. Prescription drugs		3,951,743	4,852,440	18,175,778
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		67,520	60,300	265,091
16. Subtotal (Lines 9 to 15)	0	28,186,298	31,776,972	123,216,289
Less:				
17. Net reinsurance recoveries		(45,230)	68,393	217,977
18. Total hospital and medical (Lines 16 minus 17)	0	28,231,528	31,708,579	122,998,312
19. Non-health claims (net)			0	0
20. Claims adjustment expenses, including \$ 858,709 cost containment expenses		962,121	973,166	4,691,969
21. General administrative expenses		3,333,872	1,644,511	13,134,830
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			0	0
23. Total underwriting deductions (Lines 18 through 22)	0	32,527,521	34,326,256	140,825,111
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	2,506,842	4,430,396	19,201,115
25. Net investment income earned		236,636	313,767	1,082,806
26. Net realized capital gains (losses) less capital gains tax of \$			0	659
27. Net investment gains (losses) (Lines 25 plus 26)	0	236,636	313,767	1,083,465
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0	0
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	2,743,478	4,744,163	20,284,580
31. Federal and foreign income taxes incurred	XXX		0	0
32. Net income (loss) (Lines 30 minus 31)	XXX	2,743,478	4,744,163	20,284,580
DETAILS OF WRITE-INS				
0601. Quality Assurance Assessment	XXX		(2,234,147)	(2,241,454)
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	(2,234,147)	(2,241,454)
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.			0	0
1402.			0	0
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.			0	0
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL AND SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year.....	21,609,171	19,531,914	19,531,914
34. Net income or (loss) from Line 32	2,743,478	4,744,163	20,284,580
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0	0
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax		0	0
39. Change in nonadmitted assets	(33,752)	121,940	198,315
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		(605,638)	(605,638)
46. Dividends to stockholders		0	(17,800,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	2,709,726	4,260,465	2,077,257
49. Capital and surplus end of reporting period (Line 33 plus 48)	24,318,897	23,792,379	21,609,171
DETAILS OF WRITE-INS			
4701.		0	0
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	36,121,630	41,056,421	161,547,672
2. Net investment income	234,656	289,356	924,853
3. Miscellaneous income	0	(2,221,856)	(2,969,380)
4. Total (Lines 1 to 3)	36,356,286	39,123,921	159,503,144
5. Benefit and loss related payments	26,724,570	31,395,193	124,864,970
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	4,071,332	4,347,918	17,893,719
8. Dividends paid to policyholders		0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0	0
10. Total (Lines 5 through 9)	30,795,902	35,743,111	142,758,689
11. Net cash from operations (Line 4 minus Line 10)	5,560,384	3,380,810	16,744,456
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	1,205,186	306,074	2,725,666
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,205,186	306,074	2,725,666
13. Cost of investments acquired (long-term only):			
13.1 Bonds	0	1,877,338	1,877,338
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	1,877,338	1,877,338
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	1,205,186	(1,571,264)	848,328
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0	0
16.5 Dividends to stockholders	8,000,000	4,400,000	14,200,000
16.6 Other cash provided (applied)	0	0	(5,418,646)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(8,000,000)	(4,400,000)	(19,618,646)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(1,234,430)	(2,590,454)	(2,025,862)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	23,060,967	25,086,829	25,086,829
19.2 End of period (Line 18 plus Line 19.1)	21,826,537	22,496,375	23,060,967

STATEMENT AS OF MARCH 31, 2010 OF THE CareSource Michigan

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	41,557	.0	.0	.0	.0	.0	.0	190	41,367	.0
2 First Quarter	39,318	.0	.0	.0	.0	.0	.0	231	39,087	.0
3 Second Quarter .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Third Quarter .....	.0									
5. Current Year	0									
6 Current Year Member Months	121,440							656	120,784	
Total Member Ambulatory Encounters for Period:										
7. Physician	52,150							308	51,842	
8. Non-Physician	35,131							359	34,772	
9. Total	87,281	0	0	0	0	0	0	667	86,614	0
10. Hospital Patient Days Incurred	4,179							40	4,139	
11. Number of Inpatient Admissions	1,187							12	1,175	
12. Health Premiums Written (a).....	35,155,888							596,086	34,559,802	
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned	35,155,888							596,086	34,559,802	
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services	26,724,570							390,997	26,333,573	
18. Amount Incurred for Provision of Health Care Services	28,186,298							467,211	27,719,087	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 596,086

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	234,549	150,922	130,426	512,252	364,975	545,333
7. Title XIX - Medicaid	10,296,463	17,317,324	2,975,731	11,632,455	13,272,194	13,243,426
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	10,531,012	17,468,246	3,106,157	12,144,707	13,637,169	13,788,759
10. Health care receivables (a)	827,501	578,676	302,836	647,463	1,130,337	1,018,987
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	102,916	28,571	71,820	57,312	174,736	152,965
13. Totals	9,806,427	16,918,141	2,875,141	11,554,556	12,681,568	12,922,737

(a) Excludes \$ loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. **Accounting Practices** – The financial statements of CareSource Michigan, (“the Company”) are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Office of Financial and Insurance Regulation (“OFIR”). The statements have been completed in accordance with the NAIC *Accounting Practices and Procedures* manual except to the extent that Michigan law differs. No material change has occurred since the Annual 2009 filing.

Investments: Bonds not backed by other loans are principally stated at amortized cost using the interest method. Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities. Realized capital gains and losses are determined using the first in first out method. CSM does not engage in subprime residential lending.

Nonadmitted Assets: Certain assets designated as “nonadmitted,” principally past-due agents’ balances, furniture and equipment, unsecured loans or cash advances to officers or agents, company’s stock as collateral for loans, non-bankable checks, trade names and other intangible assets, and other assets not specifically identified as an admitted asset within the NAIC AP&P are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

Reinsurance: Unpaid claims liabilities and premiums received in advance ceded to reinsurers have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

Statements of Cash Flows: Cash, cash equivalents, and short-term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

Cash and Short-Term Investments: CSM considers all highly liquid investments purchased with an original maturity of one year or less to be short-term investments. These investments are stated at amortized cost, which approximates fair value.

Other than temporary impairments: Management regularly reviews the value of CSM’s investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is an “other-than-temporary impairment”. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c) the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments and (e) general market conditions and industry or sector specific factors.

Pharmacy Rebate Receivable: Pharmacy rebates are based primarily on agreements between CSM and a third party pharmacy benefits manager (PBM) for prescription drugs. The PBM guarantees a rate per brand prescription and these rebates are treated as admitted. Other rebates are contracted directly with the manufacturer and are billed as received. These are also fully admitted.

Claims and Claim Adjustment Expenses: Claims unpaid and unpaid claims adjustment expense liabilities represent management’s best estimate of the ultimate net cost of all reported and unreported claims incurred through the statement date. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Sunset of Quality Assurance Assessment (QAAP): Beginning April 2009, the State of Michigan (QAAP) discontinued and was replaced with a Use Tax. QAAP is recorded on The Statement of Revenue and Expense line 6 and Use Tax included on line 21 of the same statement. For comparison, the amount of QAAP tax classified on line 6 in the first quarter 2009 was \$2,234,147. In 2010, \$2,080,175 is classified as administration costs.

B. **Use of Estimates in the Preparation of the Financial Statements** – The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Office of Financial and Insurance Regulation of the State of Michigan requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Due to the prospective nature of these estimates, actual results could differ. Medical revenues and expenses require significant estimates, which include incurred but not reported claims.

C. **Accounting Policy** – The Company receives monthly capitation and delivery case rate payments under its contract with the Michigan Department of Community Health. The Company is required to provide covered health care services to all recipients enrolled, regardless of the cost of care provided. Capitation and delivery case rate revenue is recognized in the month that recipients are entitled to health care benefits. Reinsurance premiums are netted against premium revenue, and reinsurance recoveries are reported as a reduction of related health care costs.

2. Accounting Changes and Correction of Errors - None

3. Business Combinations and Goodwill – None

4. Discontinued Operations - Not applicable

5. Investments

a. Mortgage Loans - None

b. Debt Restructuring - None

c. Reverse Mortgage - None

d. Loan-Backed Securities -

1. The company did not have any such securities as of January 1, 1994, therefore the retrospective adjustment method did not apply.

2. Prepayment assumptions for single class and multi-class mortgage-backed securities were obtained from broker/ dealer survey values.

3. In 2010, the Company did not change from the retrospective methodology to prospective methodology because no negative yields were identified.

e. Repurchase Agreements - None

f. Real Estate - None

g. Low Income Housing and Tax Credits - None

6. Joint Ventures, Partnerships and Limited Liability Companies – The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

7. Investment Income – Interest income earned through March 31, 2010 is accrued in the accompanying financial statements.

8. Derivative Instruments – None

9. Income Taxes – Not applicable; tax exempt 501(c) 3 organization.

10. Information Concerning Parent, Subsidiaries and Affiliates –

NOTES TO FINANCIAL STATEMENTS

The Company paid management fees to CareSource Management Group and CareSource Management Services of \$ 1,855,498 for the three months ended March 31,2010. Costs are allocated in accordance with SSAP No. 70, Allocation of Expenses. As of December 31 2009, the company reported a liability balance of \$605,513.

11. Debt – None
12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans

a. Defined Benefit Plan - None

b. Defined Contribution Plan - None

c. Multi-employer Plans - None

d. Consolidated/Holding Company Plans - None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations – On January 19, 2010 OFIR approved payment of the \$8,000,000 distribution recorded at December 31, 2009. Of the amount, \$7,932,496 was approved as an extraordinary distribution. This payment was completed on January 29, 2010.
14. Contingencies - None
15. Leases – The monthly rental for the principal office location of the Company is the financial responsibility of the CareSource Management Group per the administrative services agreement.
16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk – No such instruments.
17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

a. Transfers of receivables reported as sales - None

b. Transfer and servicing of financial assets - None

c. Wash sales - None
18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans

a. ASO plans – N/A

b. ASC plans – N/A

c. Medicare or similarly structured cost based reimbursed contracts

1. Revenue from the Company’s Medicare (or similarly structured cost based reimbursement contract) contract for the year 2010 consisted of \$77,606 for medical and hospital related services.

2. As of March 31, 2010, the Company has recorded receivables from the following payors whose account balances are greater than 10% of the Company’s amounts receivable from uninsured accident and health plans or \$10,000:

Center for Medicare and Medicaid Services \$none to report

3. In connection with the Company’s Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded no allowances and no reserves for adjustment of recorded revenues at March 31, 2010.

4. The Company has made no adjustment to revenue resulting from audit receivables related to revenues recorded in the prior period.

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.20. Other Items - None21. Events subsequent - None22. Reinsurance-

A. Ceded Reinsurance Report.

Section 1. General Interrogatories

1. No

2. No

Section 2 Ceded Reinsurance Report - Part A

1. No

2. No

Section 3 Ceded Reinsurance Report - Part B

1. \$121.525

2. No

B. Uncollectable Reinsurance - None

C. Commutation of Ceded Reinsurance - None

23. Retrospectively rated contracts & contracts subject to redetermination – None.24. Change in Incurred Claims and Claims Adjustment Expenses - Incurred claims attributable to insured events of prior years has decreased by \$.3 million from \$13.9 million in 2009 to \$13.6 million in 2010 as a result of re-estimation of unpaid claims expense combined with current year payments for prior years. This decrease is the result of ongoing analysis of loss development trends.25. Intercompany Pooling Arrangements - Not applicable26. Structured Settlements - Not applicable27. Health Care Receivables - CareSource Michigan recorded \$479,754 of pharmacy rebates recveivable at March 31 and during 2010, collected \$384,316 for rebates related to 2009. Pharmacy rebates are netted with pharmacy expense.

NOTES TO FINANCIAL STATEMENTS

The Company's administration of rebates is primarily through a pharmacy benefits manager (PBM). Reports are generated by the PBM and these are used to estimate receivables. Estimated receivables are confirmed with actual cash receipt of rebates and the accompanying report detailing the amounts by manufacturer. These reports are received on a quarterly basis, generally six months after the quarter in which the receivable is recorded. Separate contracts are in place directly with pharmacy manufacturers, account for a small percentage of total rebate activity.

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Quarter	Estimated Pharmacy Rebates As Reported on Financial Statements	Pharmacy Rebates as billed or Otherwise Confirmed	Actual Rebates Received within 90 days of Billing	Actual Rebates Received Within 91 to 180 days of Billing	Actual Rebates Received More than 180 days of Billing
03/31/10	240,435				
12/31/09	254,316	280,729		41,410	
09/30/09	236,025	310,349		310,348	
06/30/09	251,440	267,807		267,807	
03/31/09	248,469	282,177		282,177	
12/31/08	280,122	287,075		287,075	
09/30/08	198,315	248,289		248,289	
06/30/08	228,282	240,926			240,926
03/31/08	235,233	236,396			236,396
12/31/07	217,927	215,932			215,932
09/30/07	187,663	184,107			184,107
06/30/07	230,608	242,742			242,742
03/31/07	243,704	243,704			243,704

28. Participating Policies - Not applicable.
29. Premium Deficiency Reserves - Not deemed necessary.
30. Anticipated Salvage and Subrogation – Subrogation recoveries totaled \$97,768 for the period ended March 31, 2010.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

If yes, attach an explanation.

Yes ☐ No ☒ NA ☐
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2008
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

02/11/2010
- 6.4

By what department or departments?
State of Michigan, Office of Financial and Insurance Regulation.....
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☒ No ☐ NA ☐
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ NA ☐
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 7.2

If yes, give full information:
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....
.....
.....
.....

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

Yes [X] No []
- 9.11

If the response to 9.1 is No, please explain:
.....
- 9.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).
.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).
.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [] No [X]
- 11.2

If yes, give full and complete information relating thereto:
.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA: \$
13.

Amount of real estate and mortgages held in short-term investments: \$
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes [] No [X]
- 14.2

If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$0	\$0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes [] No [X]
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [] No []

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	111 Lyon St. NW Grand Rapids MI 49503.....
.....

16.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES
PART 2 - HEALTH

1 Operating Percentages	
1.1 A&H loss percent	83.0 %
1.2 A&H cost containment percent	2.5 %
1.3 A&H expense percent excluding cost containment expenses	%
2.1 Do you act as a custodian for health savings accounts?	Yes [] No [X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$
2.3 Do you act as an administrator for health savings accounts?	Yes [] No [X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$

Showing All New Reinsurance Treaties - Current Year to Date

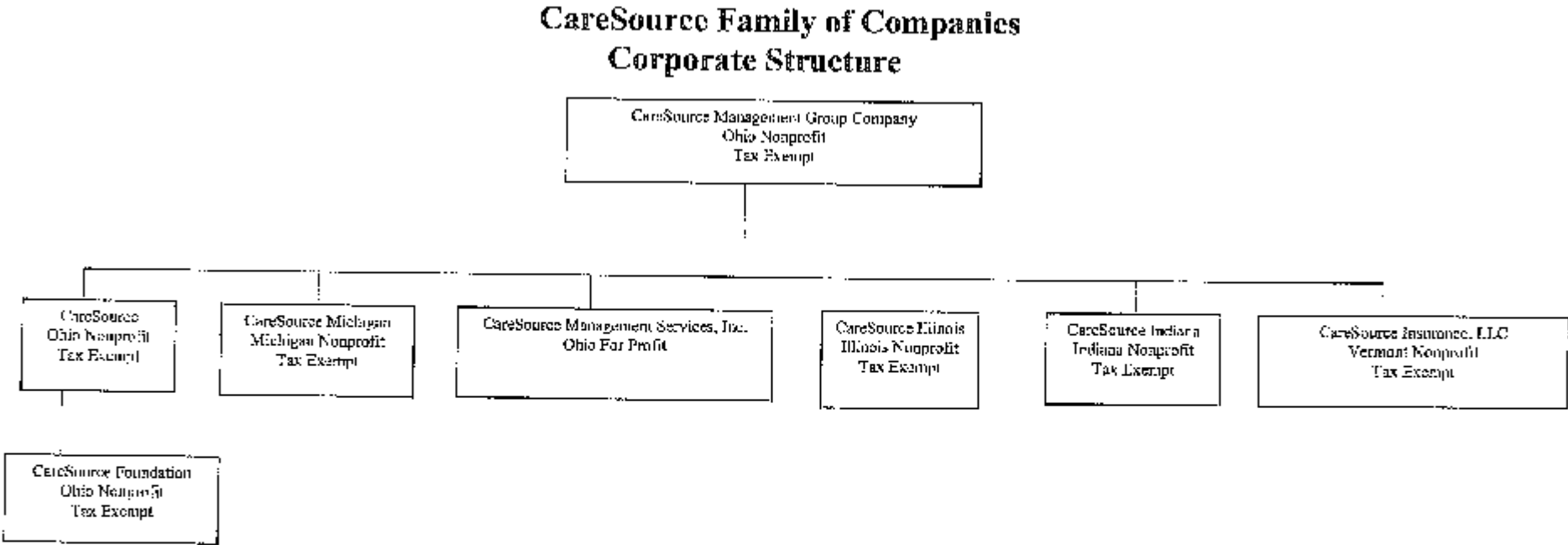
[illegible]

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories										
States, Etc.	1	Direct Business Only								
		2	3	4	5	6	7	8	9	
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts	
1. Alabama	AL	N						0		
2. Alaska	AK	N						0		
3. Arizona	AZ	N						0		
4. Arkansas	AR	N						0		
5. California	CA	N						0		
6. Colorado	CO	N						0		
7. Connecticut	CT	N						0		
8. Delaware	DE	N						0		
9. Dist. of Columbia	DC	N						0		
10. Florida	FL	N						0		
11. Georgia	GA	N						0		
12. Hawaii	HI	N						0		
13. Idaho	ID	N						0		
14. Illinois	IL	N						0		
15. Indiana	IN	N						0		
16. Iowa	IA	N						0		
17. Kansas	KS	N						0		
18. Kentucky	KY	N						0		
19. Louisiana	LA	N						0		
20. Maine	ME	N						0		
21. Maryland	MD	N						0		
22. Massachusetts	MA	N						0		
23. Michigan	MI	L	596,086	34,559,802				35,155,888		
24. Minnesota	MN	N						0		
25. Mississippi	MS	N						0		
26. Missouri	MO	N						0		
27. Montana	MT	N						0		
28. Nebraska	NE	N						0		
29. Nevada	NV	N						0		
30. New Hampshire	NH	N						0		
31. New Jersey	NJ	N						0		
32. New Mexico	NM	N						0		
33. New York	NY	N						0		
34. North Carolina	NC	N						0		
35. North Dakota	ND	N						0		
36. Ohio	OH	N						0		
37. Oklahoma	OK	N						0		
38. Oregon	OR	N						0		
39. Pennsylvania	PA	N						0		
40. Rhode Island	RI	N						0		
41. South Carolina	SC	N						0		
42. South Dakota	SD	N						0		
43. Tennessee	TN	N						0		
44. Texas	TX	N						0		
45. Utah	UT	N						0		
46. Vermont	VT	N						0		
47. Virginia	VA	N						0		
48. Washington	WA	N						0		
49. West Virginia	WV	N						0		
50. Wisconsin	WI	N						0		
51. Wyoming	WY	N						0		
52. American Samoa	AS	N						0		
53. Guam	GU	N						0		
54. Puerto Rico	PR	N						0		
55. U.S. Virgin Islands	VI	N						0		
56. Northern Mariana Islands	MP	N						0		
57. Canada	CN	N						0		
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	
59. Subtotal	XXX	0	596,086	34,559,802	0	0	0	35,155,888	0	
60. Reporting entity contributions for Employee Benefit Plans	XXX							0		
61. Total (Direct Business)	(a) 1	0	596,086	34,559,802	0	0	0	35,155,888	0	
DETAILS OF WRITE-INS										
5801.	XXX							0		
5802.	XXX							0		
5803.	XXX							0		
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0		

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.
(a) Insert the number of L responses except for Canada and other Alien.
All premiums written in the State of Michigan

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....SEE EXPLANATION.....

Explanation:

1.Coverage provided through Medicaid Advantage Program

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	.0	.0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		.0
2.2 Additional investment made after acquisition .....		.0
3. Current year change in encumbrances .....		.0
4. Total gain (loss) on disposals .....		.0
5. Deduct amounts received on disposals .....		.0
6. Total foreign exchange change in book/adjusted carrying value .....		.0
7. Deduct current year's other than temporary impairment recognized .....		.0
8. Deduct current year's depreciation .....		.0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4+5+6-7-8) .....	.0	.0
10. Deduct total nonadmitted amounts .....	.0	.0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	.0	.0
2. Cost of acquired:		
2.1. Actual cost at time of acquisition .....		.0
2.2. Additional investment made after acquisition .....		.0
3. Capitalized deferred interest and other .....		.0
4. Accrual of discount .....		.0
5. Unrealized valuation increase (decrease) .....		.0
6. Total gain (loss) on disposals .....		.0
7. Deduct amounts received on disposals .....		.0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		.0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		.0
10. Deduct current year's other than temporary impairment recognized .....		.0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	.0	.0
12. Total valuation allowance .....		.0
13. Subtotal (Line 11 plus Line 12) .....	.0	.0
14. Deduct total nonadmitted amounts .....	.0	.0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	.0	.0
2. Cost of acquired:		
2.1. Actual cost at time of acquisition .....		.0
2.2. Additional investment made after acquisition .....		.0
3. Capitalized deferred interest and other .....		.0
4. Accrual of discount .....		.0
5. Unrealized valuation increase (decrease) .....		.0
6. Total gain (loss) on disposals .....		.0
7. Deduct amounts received on disposals .....		.0
8. Deduct amortization of premium and depreciation .....		.0
9. Total foreign exchange change in book/adjusted carrying value .....		.0
10. Deduct current year's other than temporary impairment recognized .....		.0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	.0	.0
12. Deduct total nonadmitted amounts .....	.0	.0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	18,586,655	19,374,506
2. Cost of bonds and stocks acquired		1,877,338
3. Accrual of discount	25,598	95,403
4. Unrealized valuation increase (decrease) .....	.0	.0
5. Total gain (loss) on disposals .....		.659
6. Deduct consideration for bonds and stocks disposed of	1,205,186	2,725,666
7. Deduct amortization of premium	12,317	35,586
8. Total foreign exchange change in book/adjusted carrying value .....		.0
9. Deduct current year's other than temporary impairment recognized .....		.0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8-9)	17,394,750	18,586,655
11. Deduct total nonadmitted amounts .....	.0	.0
12. Statement value at end of current period (Line 10 minus Line 11)	17,394,750	18,586,655

STATEMENT AS OF MARCH 31, 2010 OF THE CareSource Michigan

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	16,983,636	1,436,298	1,205,186	10,433	17,225,181	0	0	16,983,636
2. Class 2 (a).....	2,934,403			2,848	2,937,251	0	0	2,934,403
3. Class 3 (a).....	0				0	0	0	0
4. Class 4 (a).....	0				0	0	0	0
5. Class 5 (a).....	0				0	0	0	0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds	19,918,039	1,436,298	1,205,186	13,281	20,162,431	0	0	19,918,039
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	19,918,039	1,436,298	1,205,186	13,281	20,162,431	0	0	19,918,039

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ 2,767,682 ; NAIC 2 \$;
NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	2,767,682	XXX	2,767,682	126	0

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	1,331,384	3,990,000
2. Cost of short-term investments acquired	1,436,298	143,979,198
3. Accrual of discount		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals		146,637,814
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	2,767,682	1,331,384
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	2,767,682	1,331,384

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

SCHEDULE D - PART 4

[illegible]

E05

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D

NONE

SCHEDULE E - PART 1 - CASH

E09

STATEMENT AS OF MARCH 31, 2010 OF THE CareSource Michigan

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year					
NONE												
					8699999 Total Cash Equivalents					0	0	0

E10